

MINUTES OF THE MEETING
OF THE
MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES

June 25, 1999

The Trustee Finance Committee and Trustee Policy Committee of the Whole meetings were held in the Board Room of the Administration Building beginning at 9:00 a.m. on Friday, June 25, 1999. Minutes of the meetings are on file in the Office of the Secretary of the Board of Trustees.

President McPherson called the meeting of the Board of Trustees to order at 10:35 a.m. in the Board Room.

Trustees present: Dolores M. Cook, Joel Ferguson, Dorothy Gonzales, Colleen McNamara, Donald W. Nugent, David L. Porteous, Bob Traxler, and Robert E. Weiss.

University officers present: President McPherson, Provost Simon, Interim Vice President Poston, Secretary Pogel, Vice President and General Counsel Noto, Vice Presidents Greenleaf, June, Webb, Senior Advisor and Director Granberry Russell, Executive Director Williams, and Assistant Vice President Cordell Overby. Faculty Liaison present: Norman Ables. Student Liaisons present: Charles McHugh, Michael Webber, and David West.

All actions taken were by unanimous vote of the Trustees present, unless otherwise noted.

1. On a motion by Ms. McNamara, supported by Ms. Cook, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the minutes of April 9, 1999.
3. President's Report

President McPherson reported that the Life Sciences corridor had been approved in the Legislature to come from the \$50 million tobacco money. The project has the Governor's strong support and the potential for being one of the more important ventures within the State during the past several years. The President stated that it has an important, distinctive mission that compliments current University activities, and one that could possibly enhance relationships between Michigan State, Michigan, and Wayne State.

4. Public Participation

President McPherson announced there were no requests to address the Board of Trustees

on issues germane to the agenda or other issues.

5. Personnel Actions

Provost Simon presented the Personnel Actions and commented on the academic background of some of the individuals being appointed. At Provost Simon's request, Dr. Robert Banks remarked about the appointment of Dr. Janie M. Fouke. Dr. Banks then introduced Dr. Ronald Harichandran, Chairperson of the Dean's Search Committee, who also spoke in support of Dr. Fouke's appointment.

A. Appointments

- 1) Kang, Jun-Koo, AY-Associate Professor, Department of Finance, \$125,000, with Tenure, effective August 16, 1999.
- 2) Hofmann, David A., AY-Associate Professor, Department of Management, \$92,500, with Tenure, effective August 16, 1999.
- 3) Wildman, Steven S., AY-Professor and James H. Quello Endowed Chair of Telecommunication Studies and Director of the James H. and Mary B. Quello Center for Telecommunication Management and Law, Department of Telecommunication, \$120,000, with Tenure, effective August 16, 1999.
- 4) Purcell-Gates, Victoria, AY-Professor, Department of Teacher Education, \$73,000, with Tenure, effective August 16, 1999.
- 5) Mohapatra, Prasant, AY-Associate Professor, Department of Computer Science and Engineering, \$72,500, with Tenure, effective August 16, 1999.
- 6) Fouke, Janie M., AN-Dean and Professor, College of Engineering; Department of Electrical and Computer Engineering, \$160,000, with Tenure, effective September 1, 1999.
- 7) Wang, Donna H., AN-Professor and Director of Basic Science Research, Department of Medicine, \$110,000 with Tenure, effective June 1, 1999.
- 8) Ferrini-Mundy, Joan, AN-Associate Professor, Director of Division of Science and Math Education and Professor, College of Natural Science; Departments of Teacher Education and Mathematics, \$113,000, with Tenure, effective June 1, 1999.
- 9) Walker, Robert T., AY-Associate Professor, Department of Geography, \$62,000, with Tenure, effective August 16, 1999.
- 10) Sullivan, Cris M., AY-Associate Professor, Department of Psychology, \$72,000, with Tenure, effective August 16, 1999.

- 11)Saban, Nick L., AN-Head Football Coach, Intercollegiate Athletics, effective January 1, 2003 to December 31, 2003.

B.Other Personnel Actions

- 1)VanDusen, George M., AN-Assistant Dean, College of Engineering; Professor, Department of Educational Administration, for a change in title to Acting Dean , College of Engineering and a change in salary rate to \$143,700, effective July 1, 1999 through August 31, 1999.
- 2)Smith, Philip R., AN-Associate Dean, College of Social Science; Director, Center for Integrative Studies-Social Science; Professor, School of Labor and Industrial Relations; Department of Geography, for a change in title to Acting Dean, College of Social Science and a change in salary rate to \$ 140,000, effective May 16, 1999.
- 3)Underwood, Clarence, AN-Senior Associate Athletics Director, Intercollegiate Athletics, for a change in title to Acting Executive Management Director and for a change in salary rate to \$143,000, effective April 13, 1999 through June 30, 1999.

C.Promotion and Tenure Actions

The report of Promotion and Tenure Actions is included in the Personnel Actions document on file with Board Agenda materials in the Office of the Secretary of the Board of Trustees.

Mr. Weiss asked to have a separate vote for Other Personnel Actions (Item 3). There was no support for the recommendation. On a motion by Mr. Nugent, supported by Mr. Ferguson, **THE BOARD VOTED to approve** the Personnel Actions. The vote was 7-1. Mr. Weiss voted No.

D.Information Reports

Information Reports of Academic Personnel Actions of March 31, 1999, April 30, 1999, and May 31, 1999 were distributed with the Board Agenda. The reports have been included with the agenda materials in the Office of the Secretary of the Board of Trustees.

6.Gift, Grant and Contract Report

The Gift, Grant and Contract Report for the period of March 18, 1999 through June 9, 1999 was presented by Dr. Cordell Overby in Vice President Huggett's absence. The report is a compilation of 414 Gifts, Grants and Contracts, 44 Consignment/Non-Cash Gifts, and no Consignment/Non-Cash Loans with a total value of \$60,516, 629.88. The Gift, Grant and Contract Report is included with the agenda materials in the Office of the Secretary of the Board of Trustees.

On a motion by Ms. McNamara, supported by Mr. Nugent, **THE BOARD VOTED to approve**

e the Gift, Grant and Contract Report.

President McPherson noted the recent media reports on the increased research funding received by the University.

7. The Trustee Finance Committee report and recommendations were presented by Committee Chairperson Nugent.

A. Bids and Contract Awards

New Construction

- 1) It was recommended to award a contract in the amount of \$1,593,800 to Christman Constructors, Inc., of Lansing, Michigan, and to establish a budget in the amount of \$2,200,000 for the project entitled: Cyclotron Building - Cryogenic Expansion.
- 2) It was recommended to reject the bids received for the project entitled: Engineering Concrete Lab - Jolly Road.
- 3) It was recommended to award a contract in the amount of \$2,000,000 to Avance Construction, Inc., of Haslett, Michigan, and to establish a budget in the amount of \$2,500,000 for the project entitled: Equine Performance Center.
- 4) It was recommended to award a contract in the amount of \$71,148,082 to The Christman Company, of Lansing, Michigan, and to establish a budget in the amount of \$93,000,000 for the project entitled: Biomedical and Physical Sciences Building.

Infrastructure Improvements

- 5) It was recommended to award a contract in the amount of \$1,366,000 to E & L Construction Group, Inc., of Flint, Michigan, and to establish a budget in the amount of \$1,750,000 for the project entitled: Campus Steam Tunnel Repair 1999 - Stm 180 to Stm 168.
- 6) It was recommended to award a contract in the amount of \$479,000 to Advanced Paving Co., of Lansing, Michigan, and to establish a budget in the amount of \$726,000 for the project entitled: Farm Lane/Auditorium Intersection Reconstruction.

Roofs

- 7) It was recommended to award a contract in the amount of \$93,513 to Stephenson & Son's Roofing, Inc., of Burton, Michigan, and to establish a budget in the amount of \$140,000 for the project entitled: Bailey Hall - Roof Replacement.
- 8) It was recommended to award a contract in the amount of \$199,652 to Bornor Restor

ation, Inc., of Lansing, Michigan, and to establish a budget in the amount of \$275,000 for the project entitled: Food Science - Roof Replacement.

- 9) It was recommended to award a contract in the amount of \$190,789 to Stephenson & Son's Roofing, Inc., Burton, Michigan, and to establish a budget in the amount of \$257,000 for the project entitled: Wonders Hall - Reroof Building Sections 7, 8, 11, and 12.

Interior Facilities Maintenance and Improvement Projects

10) It was recommended to award a contract in the amount of \$172,000 to G. H. Ross Contractors, LLC, of Williamston, Michigan, and to establish a budget in the amount of \$220,000 for the project entitled: Chemistry Building - Alterations to Rooms 431, 432, 433, and 433A.

- 11) It was recommended to award a contract in the amount of \$118,000 to J. Perez Construction, Inc., of Flint, Michigan, and to establish a budget in the amount of \$180,000 to be established for the project entitled: Chemistry Building - Alterations to Rooms 17, 18, 19, and 20.

On a motion by Mr. Nugent, supported by Mr. Ferguson, **THE BOARD VOTED TO approve** the recommendations.

B. Establishment of Funds Functioning as Endowment

1) It was recommended to establish the Freeman Fund for Equine Research as a fund functioning as an endowment.

- 2) It was recommended to establish the Robert Leader Endowed Lecture Series as a fund functioning as an endowment.

3) It was recommended to establish the Frank Tomascik Fellowships/Assistantships Fund as a fund functioning as an endowment.

- 4) It was recommended to establish the Transportation Endowment Fund as a fund functioning as an endowment.

On a motion by Mr. Nugent, supported by Mr. Weiss, **THE BOARD VOTED to approve** the recommendations.

C. Sale of Property

It was recommended to accept \$2,300 and a 30 foot by 1320 foot easement in exchange for a 100 foot by 1320 foot parcel of land at the Upper Peninsula Tree Im

provement Center located in Delta County, Michigan.

On a motion by Mr. Nugent, supported by Mr. Traxler, **THE BOARD VOTED** to approve the recommendation.

D. Investment Restructuring

It was recommended to change the University's investments as follows:

- 1) A modification in asset allocation to provide for a target of 12.5% in the private equity classes, with a policy range of 5% to 17.5%, and a target of 12.5% in the absolute return class, with a policy range of 5% to 17.5%.
- 2) An allocation of an additional \$5.5 million to EII Realty Securities, Inc.
- 3) An allocation of \$5.0 million to OCM Opportunities Fund III.

On a motion by Mr. Nugent, supported by Mr. Traxler, **THE BOARD VOTED** to approve the recommendation.

Trustee Nugent reported that the University had maintained a diverse investment portfolio, and still had a good year with a 12.9 percent return on the total fund. Michigan State has been in the top 10 percentile of the total Cambridge group over the last 10 years. Mr. Nugent noted that only the international area of the portfolio had not performed. Trustee Porteous and President McPherson commented further about investments.

Trustee Nugent recognized Nancy Elliott Craig for her long career at the University. As Director of Investments and Trusts, Nancy Craig managed short-term reserves which averaged about \$350 million and a long-term investment portfolio of almost \$360 million. Mr. Nugent said Nancy had done an extraordinary job and he extended his best wishes to her in retirement.

E. Interim Budget Authorization for 1999-2000

It was recommended to adopt an interim budget that will permit the operation of the University at 1998-99 budget expenditure levels until the 1999-2000 budgets have been established.

This expenditure authorization is as follows:

University General Fund	\$557,001,000
Michigan Agricultural Experiment Station.....	39,479,723
Michigan State University Extension	42,403,426
Intercollegiate Athletics Program	22,506,000

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED** to approve the recommendations.

F. Budget Guidelines

It was recommended to adopt the Guidelines for the Development of the 1999-2000 Budgets.

On a motion by Mr. Nugent, supported by Mr. Ferguson, **THE BOARD VOTED** to approve the recommendation. The vote was 6-2. Trustees Gonzales and Weiss voted No.

Trustee Weiss complimented administrators and Board members for their commitment to the Tuition Guarantee. He reported that he would be voting No on the Budget Guidelines because he believes the tuition tax credit is the most important investment this country can make in educating its students, and not because the increase was unreasonable. He applauded the decision to maintain the Tuition Guarantee, and complimented the Committee for its emphasis on people and quality.

Chairperson Gonzales remarked that she would be voting No on the Budget Guidelines since all students were not being treated equally, and that faculty members deserved to be fairly compensated. She said the current legislation to distribute tobacco money under the proposed merit scholarship program would only impact certain individuals, and additional costs could become a burden to some students and their families. Ms. Gonzales recommended that in view of the increase from the Legislature, the University should consider options other than a tuition increase.

Trustee Porteous reported that several legislators and other individuals had commented to him that they felt comfortable with enhanced funding for Michigan State because of the leadership of the President and the Board. He said they expressed appreciation for the personal involvement of the President, Vice President Steve Webster, and others who have worked to assure that the issues and mission of Michigan State are understood. Mr. Porteous also complimented Provost Simon and Interim Vice President Poston for their cost efficiencies.

Following the vote, President McPherson concluded the discussion by saying tuition is one of the central decisions of the Board, and this year, in particular, he had heard Trustees struggle with their decision. He said that he, too, had spent a great deal of time thinking about the budget and believes the guidelines set a sound balance for the University's financial position and also respond to legislative interest. He noted that Michigan State is recognized within the State for its good management and tuition constraint. The President said although he believes the recommendation is wise, balanced, and thoughtful, the University must continue to be thoughtful about constraining costs.

He thanked Board members and the staff.

8. Trustee Policy Committee

Provost Simon presented the following items:

A. It was recommended that the Board of Trustees delegate to the President the authority to enter into an agreement with *MolFlex*.

B. It was recommended that the Board of Trustees delegate to the President the authority to enter into an agreement with *DanHos Computer Consulting*.

On a motion by Mr. Weiss, supported by Ms. McNamara, **THE BOARD VOTED to approve** the recommendations.

C. It was recommended that the future Equine Performance Center be named "The Mary Anne McPhail Equine Performance Center" in honor of Mary Anne McPhail.

On a motion by Mr. Weiss, supported by Ms. Cook, **THE BOARD VOTED to approve** the recommendation.

9. Chairperson's Report and Trustees' Comments

A. Chairperson's Report

1) Chairperson Gonzales extended condolences to the family of Marge Chmielewski who passed away on May 29. Dr. Chmielewski, Director of the Resource Center for Persons with Disabilities, was a long-time leader and advocate of people with disabilities. An improved interpreter service was one of her many accomplishments at Michigan State.

2) Trustee Gonzales welcomed new Student Liaisons: David West, President of COGS; Charles McHugh, Chair of ASMSU Academic Assembly; and Michael Webber, Chair of ASMSU Student Assembly. The fourth Student Liaison, a Student-at-Large, will be appointed soon.

3) Ms. Gonzales reported that three Michigan State faculty members were awarded grants in the first Competitive Strategic Partnership Grants program. Chosen from nationwide submissions, the recipients are Frank Biocca of the MSU MIND Lab; Stuart Gage, Land Use and Land Coverage in Entomology; and Audrey Gift, College of Nursing, End of Life: Center of Excellence.

4) Ms. Gonzales congratulated Trustee Colleen McNamara for

becoming a new parent. Ms. McNamara will be traveling to China to bring her daughter, Marissa, home.

B. President McPherson thanked Mr. Gerald Haarer, Director of Land Management, for his many years of service to Michigan State. Mr. Haarer will be retiring from the University.

C. Trustees' Comments

1) Trustee Don Nugent recognized Nancy Craig again and extended his best wishes to her. Mr. Nugent also thanked Jerry Haarer for the outstanding job he has done in managing MSU properties throughout the state and always being "on top of things." Mr. Nugent wished Mr. Haarer good health.

Mr. Nugent congratulated the College of Engineering cement canoe team for placing first in endurance in a recent race.

Mr. Nugent thanked the Board, faculty, and administration for putting the budget guidelines in place. He said he looks forward to the coming year.

2) Trustee Cook complimented the Finance Committee for its commitment to the stewardship of Michigan State.

Ms. Cook reported that she had driven through campus the previous evening and had witnessed young people enjoying various activities. She commented on the impact of the tree initiative on south campus, and that the Horticulture Demonstration Gardens were particularly beautiful. Trustee Cook said that although the University and the Board have dealt with some difficult issues this past year, she is comfortable with the way they have worked together in the best interest of the University.

3) Trustee Traxler remarked that he thought the Board retreat would provide an opportunity to discuss the question of all Board members participating fully in committee meetings. He said it would be advantageous to have all members equally informed on financial and policy issues.

10. An Executive Session was not requested.

11. On a motion by Mr. Nugent, supported by Mr. Weiss, the Board voted to adjourn at 1:53 a.m. President McPherson announced that lunch was available in 443A & B Administration.

Respectfully submitted,

Nancy H. Pogel, Ph.D.
Secretary of the Board of Trustees

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